



The Town of Hilton Head Island Accommodations Tax Advisory Committee Regular Meeting

**Thursday, April 3, 2014
9:00 a.m. – Benjamin M. Racusin Council Chambers**

AGENDA

As a Courtesy to Others Please Turn Off All Cell Phones and Pagers during the Meeting

- 1. Call to Order**
- 2. Freedom of Information Act Compliance**
Public notification of this meeting has been published, posted, and mailed in compliance with the Freedom of Information Act and the Town of Hilton Head Island requirements.
- 3. Approval of Minutes**
 - a. Accommodations Tax Advisory Committee Meeting of February 18, 2014
- 4. Chairman's Report**
- 5. Unfinished Business**
None
- 6. New Business**
 - a. Hearing regarding the Chamber of Commerce and Visitor & Convention Bureau's proposed 2014-2015 budget of expenditures for the 30% allocation of State Accommodations Tax Funds for advertising of tourism.
 - b. Discuss process and Application for "Non-recurring" Accommodations Tax Grants.
- 7. Adjournment**

Please note that a quorum of Town Council may result if four (4) or more of Town Council members attend this meeting.

**TOWN OF HILTON HEAD ISLAND
ACCOMMODATIONS TAX ADVISORY COMMITTEE
SPECIAL MEETING**

Date: February 18, 2014 **Time:** 9:00 a.m.

Members Present: Mike Alsko, *Chairman*; Rob Bender, *Vice-Chairman*; Frank Soule, Trish Heichel, Stewart Brown, Bob Spear

Members Absent: None

Council Present: Kim Likins

Staff Present: Susan Simmons, *Director of Finance*; Bret Martin, *Deputy Director of Finance*; Brian Hulbert, *Staff Attorney*; Erica Madhere, *Finance Assistant*

Others Present: Various representatives from organizations that received ATAX Grants, members of the public

Media: None

1. Call to Order:

The meeting was called to order at 9:00 a.m.

2. FOIA Compliance:

Public notification of this meeting has been published, posted, and mailed in compliance with the Freedom of Information Act and the Town of Hilton Head Island requirements.

3. Approval of Minutes:

Mrs. Heichel moved to approve the Minutes of November 14, 2013. Mr. Soule seconded the motion. The Motion passed unanimously. (6-0)

4. Special Orders:

Due to the resignation of former Chairman Robert Stenhammer, a special election was held to appoint a new Chairman and Vice-Chairman for the remainder of Fiscal Year 2014. Mrs. Heichel nominated Mr. Mike Alsko for Chairman and Mr. Bender seconded the motion. The motion passed unanimously (6-0). Mrs. Heichel nominated Mr. Rob Bender for Vice-Chairman and Mr. Soule seconded. The motion passed unanimously (6-0).

5. Chairman's Report:

Mr. Alsko stated Calendar Year 2013 was a good year for Accommodations Tax funding. Last time the Committee met, the actual revenue was known for the first three quarters of the Calendar Year, and the revenue was estimated for the fourth quarter. Now, the actual revenue is also known for the fourth quarter, which is approximately \$162,379 more than the estimated revenue. This difference in estimated and actual revenue will be added to the total available for Calendar Year 2015 Grants.

Mr. Alsko also brought up the subject of the regular Accommodations Tax Grant Application and asked the Committee to think about possible revisions that could be made for the Calendar Year 2015 Grants. He suggested adding a Summary Page so the applicants can quickly state important facts about the organization, including tourist numbers. Many of the Committee members liked this idea, as well, and agreed to think more about it and other revision ideas. The topic will be added to the Agenda for the next meeting on April 3, 2014.

6. Unfinished Business:

a. Discuss best methods of use of remaining “Non-recurring” Accommodations Tax Funds received in Calendar Year 2013.

In November 2013, the Accommodations Tax Advisory Committee (ATAC) decided to focus mainly on recommending the “Recurring” funds for 2014 Grants, and to refrain from recommending use of the majority of the “Non-recurring” funds at that time. Town Council agreed with this recommendation and after the 2014 Grants were awarded, \$478,460 “Non-recurring” funds remained. The ATAC established this Special Meeting to further discuss the potential best uses for this additional funding, with a future recommendation to be sent to Town Council for review.

Mr. Alsko started the discussion by reminding everyone that, according to State Law, the Town has up to two years from the date of receipt to spend the funds. He went on to say he believes that the Return on Investment of the funds is the key metric, as well as measured sustainability after the expense. He would like to consider how to broaden the reach of the funds from one organization to many, and create a long-term benefit for the Island. Mr. Bender and Mrs. Heichel agreed with him, and Mr. Soule added the funds could possibly be used to improve facilities which could attract more tourists to the Island. Mrs. Heichel acknowledged the aging community and added that cleaning up and modernizing certain facilities and the appearance of the Island could be a great long term benefit. Mr. Brown brought up the idea of using the funds for Marketing, especially if there is a specific project, to broaden the reach. He also agreed modernizing hospitality facilities or the involvement in certain capital projects could attract more visitors.

Mr. Alsko agreed all of the ideas that had been mentioned could have long term benefits. He invited the public to comment to bring more perspectives on the issue. Mr. Willis Shay, citizen and former ATAC member, approached the Dias. As a former lawyer, he looks at the law first, which states an application process is required before the ATAC can make a recommendation to the Town.

Ms. Susan Thomas, Senior Vice President of the Visitor and Convention Bureau, approached the Dias next. She shared that the Marketing Council had just met the day before and discussed this topic and that they, like the ATAC, were talking about the potential long-range benefits and strategic focus on how to achieve the desired outcome. She encouraged the Committee to look outside of the box, and to think about how a collaboration among organizations could lead to an effective plan long term. Some issues to look at might be infrastructure or facility related, but no matter the specific issue, marketing is an integral part of the effort.

Ms. Kathi Bateson, CEO of the Arts Center, spoke next about this unique opportunity. She hopes the Committee looks at the Arts in general, but also that the Arts Center Facility, physical amenities, and infrastructure are incredibly important.

Mrs. Heichel thanked the public for their comments. She stated a decision on how to spend the money cannot be made before there is an application process and suggested that an application for non-recurring funds could be added to the regular application process. Mr. Bender questioned if this should wait until the fall. Mr. Brown liked how the discussion was going, and that the idea of a collaborative effort was great. He wondered if some organizations could get together and present some ideas, plans, or a general scope to the Committee. Mr. Alsko thought this, as a brainstorming session to publically discuss philosophies (not a recommendation meeting), was going well but that they do not know what the needs are at this time. There is a lot of money available but it must be returned exponentially. He would like feedback on the needs of the organizations - from the organizations. Mr. Soule stressed the importance of measurability of the needs/uses. Mr. Brown made note of some key words surrounding this topic: collaborate, infrastructure, clean-up, non-recurring, and measurable.

The Committee's focus then shifted to the process that should be used to be able to get to the point where a recommendation could be made. One option, as mentioned earlier, is to roll it into the traditional application period. Another would be to have two separate applications since there will be two separate focuses based on different elements. The Committee also discussed the time frame for the application process and again wondered if they should wait until fall since there are uses out there now, and if they act sooner then the current Committee members will be able to work on this together. The Committee also discussed the other possibility, which would be to roll the non-recurring funds into the pot for the Calendar Year 2015 grants, which could be a decent option especially if the Committee educates the applicants so that they would not expect the surplus of funds every year.

The Committee heard from Councilwoman, Kim Likins. She is not sure if there is a specific urgency from the Town's perspective, but personally believes sooner is better than later. Her personal opinion is also not to mix the "non-recurring" funds into the Calendar Year 2015 pot.

Brian Hulbert, Staff Attorney for the Town, reminded the Committee that the ATAC needs to make a recommendation to Town Council then Town Council can agree or move in a different direction. He also reminded the Committee that the application and process criteria are established by State Law.

After more discussion, the Committee's consensus was to expedite the process. The plan is, between now and the next meeting on April 3, 2014, to draft a special application for the "Non-recurring" funds that will be open to all organizations that wish to apply. The Committee plans to provide education to the organizations on potential uses, which may be for a one-time project or a special need. At the April 3rd meeting, the Committee will set the date for the special application submittal, as well as other applicable dates and deadlines. The process will be as simple as possible, which will include short presentations made by the applicants to the Committee, and a special meeting for the Committee to review the special applications and decide upon a recommendation to Town Council.

7. New Business:

None

8. Adjournment:

Mrs. Heichel made a motion to adjourn the meeting and Mr. Soule seconded the motion. The motion passed unanimously (6-0) and the meeting was adjourned at 10:40 a.m.

Approved:

Respectfully submitted:

Mike Alsko, Chairman

Erica Madhere, Secretary

DRAFT

Hilton Head Island-Bluffton Chamber of Commerce
Hilton Head Island Visitor Convention Bureau Schedule of Functional Revenues Expenditures
FY 2014-15 Budget

	VCB TOTALS	Town of HHI DMO	VCB Private Sector	SCPRT Dest. Specific	SCPRT Co-ops	Town of Bluffton Beaufort Co DMO	Membership
<u>Revenues</u>							
Town of HHI DMO	1,270,000	1,270,000					
Town of HHI Supplemental Grant	330,000	330,000					
VCB Private Sector	420,500		420,500				
SCPRT Destination Specific	675,000			675,000			
SCPRT Coop	625,000				625,000		
Private Match Coop	1,350,000				1,350,000		
Town of Bluffton DMO	85,000					85,000	
B/C Bluffton & Daufuskie	219,000						219,000
Total Revenues	4,974,500	1,600,000	420,500	675,000	1,975,000	85,000	219,000
Membership Revenue							1,700,000
Total Revenues with Membership	6,674,500						
<u>Expenses</u>							
Research & Planning	92,000	48,000	14,250	29,750			
Destination PR							
Agency Fees	160,000						
Out-of-Pocket/ Promos	22,000						
Satellite Media Tour	10,000						
Cison Broadcasting	8,000						
Sub-total	200,000	115,800	33,800	50,400			
Destination Photography	14,000	8,106	2,366	3,528			
Social Media							
Agency Promotions	45,000						
Blog/Writers	30,000						
Video Production	3,000						
Sub-total	78,000	45,162	13,182	19,656			
Digital Marketing							
VERB Daily Site Work	39,600						
Special Section Updates	45,000						
SEO/Ad Serve/Hosting	24,000						
Madden Digital Content	25,000						
SEM Marketing	220,000						
Escape to the SE	3,000						
SCPRT Coops	25,000						

Hilton Head Island-Bluffton Chamber of Commerce
Hilton Head Island Visitor Convention Bureau Schedule of Functional Revenues Expenditures
FY 2014-15 Budget

	VCB TOTALS	Town of HHI DMO	VCB Private Sector	SCPRT Dest. Specific	SCPRT Co-ops	Town of Bluffton Beaufort Co DMO	Membership
Media Contingency	12,000						
Sub-total	393,600	227,894	66,518	99,187			
Consumer Promos & Lead Gen							
Broadcast & Print							
NYC/ Boston Broadcast	40,000						
Garden and Gun	30,000						
Southern Living	37,000						
Ad Production	5,000						
Sub-total	112,000	64,848	18,928	28,224			
Sweet Tea Partnership							
JetBlue Coop/ 2015	30,000						
Sub-total	30,000	17,370	5,070	7,560			
Insiders/Collateral/Fulfillment							
E-Promos/E-News	18,000						
Vacation Planner	120,000						
Envelopes	6,000						
Fulfillment Mail Ops/							
Postage/Visitor Database	65,000						
Toll-Free Phone	5,000						
Sub-total	214,000	123,906	36,166	53,928			
Group Sales & Marketing							
Corp. Lead Prospecting	42,000						
Flights for Sites	5,000						
Group Closing Fund	15,000						
First Time Groups	10,000						
Select Service Blitz	5,000						
Promotional Giveaways	6,000						
Site inspections	3,000						
Sales Industry Dues	3,000						
Trade/ Affinity Sponsorsh	30,000						
Website Updates	Included in digital						
Social Media/ Linked In	5,000						
Trade Shows	36,500						
Trade Media Co-op	See Meetings Co-op						
Group Experiences	12,500						
E-Promos	12,000						

Hilton Head Island-Bluffton Chamber of Commerce
Hilton Head Island Visitor Convention Bureau Schedule of Functional Revenues Expenditures
FY 2014-15 Budget

	VCB TOTALS	Town of HHI DMO	VCB Private Sector	SCPRT Dest. Specific	SCPRT Co-ops	Town of Bluffton Beaufort Co DMO	Membership
Contingency	5,000						
Trade/ PR	See PR Budget						
Sub-total	190,000	110,010	32,110	47,880			
International							
Coastal SC USA Coop	60,000						
Brand USA Coops	80,000						
ITB Trade Show	6,500						
Ontario Motorcoach Show	2,500						
UK Sales Mission	5,000						
IAGTO/ WTM	4,000						
Pow Wow Trade Show	8,000						
Sub-total	166,000	96,114	28,054	41,832			
VCB Contingency	18,250	10,567	3,084	4,599			
HHI Destination Marketing Operations & Management							
VCB Sales, Mkt, Visitor Services, Admin & Ops:							
Personnel	644,867						
Benefits	151,141						
Operations	211,597						
Sub-total	1,007,605	483,650	191,445	332,510			
HHI Supplemental Grant							
Golf	160,000						
Tennis	45,000						
Event bid	80,000						
Meetings & Group	45,000						
VCB Sales, Mkt, Visitor Services & Operations	0						
Sub-total	330,000	330,000					
SCPRT Coops							
Meetings/ RBC	175,000						
RBC Heritage	750,000						
Group Co-ops	200,000						
Air Service Promos	150,000						
Leisure Coops	180,000						
Destination Events	100,000						

Hilton Head Island-Bluffton Chamber of Commerce
Hilton Head Island Visitor Convention Bureau Schedule of Functional Revenues Expenditures
FY 2014-15 Budget

	VCB TOTALS	Town of HHI DMO	VCB Private Sector	SCPRT Dest. Specific	SCPRT Co-ops	Town of Bluffton Beaufort Co DMO	Membership	
VCB Sales, Mkt, Visitor Services & Operations	270,045							
Sub-total	1,825,045				1,825,045			
Town of Bluffton DMO								
Promotions	55,250							
VCB Sales, Mkt, Visitor Services & Operations	29,750							
Sub-total	85,000					85,000		
B/C Bluffton & Daufuskie DMO								
Promotions	131,400							
VCB Sales, Mkt, Visitor Services & Operations	87,600							
Sub-total	219,000					219,000	1,700,000	
TOTAL EXPENSES	4,974,500	1,681,427	444,974	719,054	1,825,045	85,000	219,000	1,700,000
Total Expenses with Membership	6,674,500							6,674,500
Revenues Minus Expenses:	0							
Expenses for Hilton Head Island Specific Programs								
Expenses for other marketing programs								